

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-02 INR-07 NSAE-00 CG-00 OFA-01 DLOS-04 PA-02

USIA-15 PRS-01 SP-02 /054 W

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R 271144Z JAN 76

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 1036

INFO AMEMBASSY LONDON

AMEMBASSY STOCKHOLM

USMISSION OECD PARIS

UNCLAS SECTION 1 OF 2 OSLO 0434

E.O. 11652: N/A

TAGS: EWWT, NO

SUBJECT: NORWEGIAN SHIPPING POLICY REPORT

REF: (A) OSLO 5269, 25 NOV 1975; (B) STATE 7501; (C) OSLO 359

MINISTRY OF SHIPPING ADVISES THAT ENGLISH TRANSLATION OF SUMMARY CHAPTER OF ITS REPORT TO PARLIAMENT ON NORWEGIAN SHIPPING HAS BEEN DELAYED AND WILL NOT BE OUT BEFORE END OF JANUARY. TRANSLATION WILL BE SENT TO WASHINGTON IN MULTIPLE COPIES AS SOON AS IT IS RECEIVED. MEANWHILE IN PREPARATION FOR VISITS OF DIRECTOR OF OFFICE OF MARITIME AFFAIRS (REF B) AND FMC CHAIRMAN BAKKE (REF C), EMBASSY TRANSMITS TRANSLATION OF PRESS RELEASE ISSUED BY MINISTRY ON REPORT.

"THE REPORT TO PARLIAMENT ON THE SEAFARERS' CONDITIONS AND THE SHIPPING INDUSTRY'S POSITION IN THE COMMUNITY WAS SUBMITTED TO THE NORWEGIAN COUNCIL OF MINISTERS ON OCTOBER 3. THE REPORT GIVES A BROAD SURVEY OF THE SHIPPING INDUSTRY'S POSITION IN NORWEGIAN ECONOMY AND IN INTERNATIONAL ECONOMIC RELATIONS. IT ALSO PRESENTS A SURVEY OF THE WORKING CONDITIONS OF NORWEGIAN SEAFARERS.

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"THE REPORT'S OUTLINE OF APPROACH TO THE MAIN PROBLEMS IS AS FOLLOWS:

"THE DEVELOPMENT OF NORWEGIAN TECHNICAL AND ADMINISTRATIVE

KNOW-HOW AND THE SKILLED MANPOWER IN ALL FIELDS CONNECTED WITH INTERNATIONAL SHIPPING ACTIVITIES CONSTITUTE A SOLID BASIS FOR THE OPERATION OF A COMPETITIVE FLEET UNDER THE NORWEGIAN FLAG. IT MUST BE CONSIDERED, HOWEVER, THAT THE INCREASINGLY UNEVEN FORMS OF COMPETITION AND THE RISING LEVEL OF DOMESTIC COST WILL INVOLVE A CONCENTRATION OF NORWAY'S SHIPPING EFFORTS IN TECHNOLOGY-INTENSIVE SECTORS

"THE EFFICIENT USE OF NORWEGIAN SHIPPING KNOW-HOW EXTENDED TO OTHER FIELDS WOULD IMPLY THAT THE NORWEGIAN MERCHANT MARINE INCREASINGLY PARTICIPATES IN INTERNATIONAL SHIPPING ACTIVITIES THROUGH CO-OPERATION ARRANGEMENTS WHEREBY SHIPS ARE OPERATED UNDER THE FLAGS OF OTHER NATIONS. THE REPORT OUTLINES THE PRINCIPLES FOR THE SPECIFIC CONDITIONS THAT SHOULD BE FULFILLED PRIOR TO THE ESTABLISHMENT OF SUCH ARRANGEMENTS. IT BEARS PARTICULARLY ON CONDITIONS OF SOCIAL RELATIONS AND CONDITIONS OF PAYMENTS PREVAILING FOR SHIPS INVOLVING NORWEGIAN INTERESTS AND OUTLINES THE SPECIFIC ASPECTS OF TAXATION LINKED WITH THIS KIND OF INVESTMENT ABROAD.

"THE REPORT ALSO GIVES DETAILS PERTAINING TO THE ALTERNATIVE FORMS OF INTERNATIONAL CO-OPERATION, PARTICULARLY WITH USERS OF SHIPPING SERVICES AND, FOREMOST, THE DEVELOPING COUNTRIES. IT IS ASCERTAINED THAT THE GOVERNMENT WISHES TO CONTRIBUTE TO THE ORGANIZATION OF COMPETITIVE FLEETS IN THE DEVELOPING COUNTRIES. THE NORWEGIAN ATTITUDE TESTIFIES A MANIFEST COMPREHENSION OF THE VARIOUS TYPES OF INITIATIVES WHICH THE DEVELOPING COUNTRIES WOULD DEEM NECESSARY IN ORDER TO EXTEND THE TONNAGE AND THE OPERATIONS OF THEIR NATIONAL FLEETS.

"AS TO THE SOCIAL CONDITIONS OF THE SEAFARERS, THE REPORT STRESSES THE IMPORTANCE OF INITIATIVES WHICH CAN PROCURE A CONSTANT AMELIORATION OF THE CONTACTS BETWEEN THE SEAFARER AND HIS HOME AND COMMUNITY LIFE IN NORWAY.

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"THE REPORT ALSO PRESENTS A SURVEY OF THE ECONOMIC WORKING TERMS WITHIN THE MARITIME ECONOMIC SECTOR, WHEREAS THE PRESENT SITUATION OF THE SHIPPING INDUSTRY HAS BEEN GRANTED LESS ATTENTION. THE LATTER IS DUE TO THE FACT THAT THE REPORT DEALS PRINCIPALLY WITH SPECIFIC LONG-TERM LINES OF DEVELOPMENT. A MORE THOROUGH CONSIDERATION OF THE SHIPPING INDUSTRY'S PRESENT DIFFICULT ECONOMIC SITUATION IS OUTLINED, HOWEVER, IN ANOTHER RECENT REPORT TO PARLIAMENT ON THE ESTABLISHMENT OF A TEMPORARY GUARANTEE ARRANGEMENT FOR NORWEGIAN SHIPS AND RIGS.

"THE REPORT CONSISTS OF 3 PARTS AND ANNEXES. PART I (THE SHIPPING INDUSTRY'S POSITION IN THE NORWEGIAN

COMMUNITY) COMPRISES OF ECONOMIC SURVEY AND A DESCRIPTION OF THE SEAFARERS' SOCIAL AND ECONOMIC CONDITIONS. CERTAIN POLITICAL EVALUATIONS ARE ALSO INCLUDED IN THIS PART. PART II (BACKGROUND) GIVES A SURVEY OF THE SHIPPING INDUSTRY'S ECONOMIC AND POLITICAL CONDITIONS ON THE INTERNATIONAL LEVEL, THE WORKING ECONOMY OF NORWEGIAN SHIPPING AND THE CONTRIBUTION OF THE SHIPPING SECTOR TO THE COUNTRY'S NATIONAL ECONOMY. PART III (ON PARTICULARLY IMPORTANT FIELDS OF WORK) GIVES A DETAILED DESCRIPTION OF THE ORGANIZING STRUCTURE OF ENTERPRISES OF THE SHIPPING INDUSTRY AND OF THE PREVAILING ECONOMIC AND SOCIAL ARRANGEMENTS FOR SEAFARERS.

"THE FOLLOWING IS A SHORT SUMMARY OF THE REPORT'S MAIN ISSUES:

"I. THE SHIPPING INDUSTRY'S POSITION IN THE NORWEGIAN COMMUNITY.

THE NORWEGIAN SHIPPING INDUSTRY IS ONE OF THE COUNTRY'S MAIN ECONOMIC SECTORS AND SHOULD THUS BE ABLE TO DEVELOP ITS FACULTY OF EXTENSION AND ADAPTATION IN ORDER TO AVAIL ITSELF OF ITS RESOURCES OF SKILLED MANPOWER AND HIGH TECHNOLOGICAL LEVEL. THE SHIPPING INDUSTRY IS PARTICULARLY EXPOSED TO COMPETITION, BUT DEFENDS ITS POSITION IN THE NORWEGIAN ECONOMY BY SALARIES AND PROFITABILITY ABOVE THE AVERAGE LEVEL. THE INDUSTRY OFFERS IMPORTANT CONTRIBUTIONS TO THE BASIS FOR INDUSTRIAL ACTIVITY IN NORWAY, PARTICULARLY WITHIN MECHANICS AND OTHER SECTORS

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OF ENGINEERING. THE MERCHANT MARINE'S EMPLOYMENT OF NORWEGIAN AND FOREIGN WORKERS AND USE OF NORWEGIAN EQUIPMENT GREATLY FACILITATES THE MARKETING OF NORWEGIAN PRODUCTS ABROAD. THE SHIPPING INDUSTRY HAS NOT TO ANY EXTENT CHARGED PUBLIC BUDGETS OR THE DOMESTIC CAPITAL MARKET. IT CAN BE EXPECTED THAT HENCEFORTH THERE WILL BE A GREATER LIBERTY OF CHOICE IN THE FINANCING OF THIS ECONOMIC SECTOR, DUE TO THE INCREASED POSSIBILITIES OF OBTAINING LOANS ON THE DOMESTIC CAPITAL MARKET.

"II. THE NORWEGIAN SHIPPING INDUSTRY IN THE INTERNATIONAL COMMUNITY.

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"THE NORWEGIAN FLAG-POLICY REFLECTS THE PREVAILING GENERAL AIM OF MAINTAINING THE FLEET UNDER THE NORWEGIAN FLAG IN ORDER TO SECURE THE WORK- AND WAGE-CONDITIONS FOR NORWEGIAN SEAFARERS AND TO ASSURE THE SECTOR'S DIRECT CONTRIBUTION TO THE NORWEGIAN ECONOMY. THE LATER YEARS HAVE BROUGHT PROGRESSIVE INCREASES IN OPERATIONAL COSTS. AT THE SAME TIME INTERNATIONAL SEATRADE HAS BEEN HAMPERED BY A GROWING NUMBER OF LIMITATIONS ON FREE COMPETITION. THIS ENTAILS THAT NORWEGIAN SHIPOWNERS WOULD BE INCLINED TO OPERATE INCREASINGLY UNDER FOREIGN FLAG.

"THE GOVERNMENT STRESSES THAT THE BASIS OF THE NORWEGIAN SHIPPING INDUSTRY WILL CONTINUE TO CONSIST OF SHIPS UNDER THE NORWEGIAN FLAG WITH NORWEGIAN CREW. THE GOVERNMENT WILL RECOGNIZE, HOWEVER, THAT IT CAN BE DEEMED APPROPRIATE THAT NORWEGIAN SHIPPING COMPANIES BE GRANTED AN EXTENDED ACCESS TO PARTICIPATION IN SHIPPING ACTIVITIES UNDER FOREIGN FLAGS - ALSO UNDER FLAGS WITH SO CALLED OPEN, REGISTRATION.

"THE CONDITION FOR THE MENTIONED DEVELOPMENT IS THAT IT SHOULD STRENGTHEN THE NORWEGIAN SHIPPING INDUSTRY AND UNCLASSIFIED

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SECURE EMPLOYMENT, AND THAT THE SHIPS SHOULD BE OPERATED UNDER REASSURING SOCIAL AND SAFETY CONDITIONS. IT MUST BE STRESSED THAT THE NET EARNINGS OF OPERATIONS UNDER A FOREIGN FLAG MUST BE TRANSMITTED TO NORWAY FOR TAXATION.

THE PRESENT INTERNATIONAL SHIPPING POLICY GUIDELINES ARE CHARACTERIZED BY AN INCREASING PUBLIC PARTICIPATION, ON STATE AND INTERSTATE LEVEL. THEREFORE THERE IS A NEED FOR AN ACTIVE AND DIFFERENTIATED NORWEGIAN SHIPPING POLICY ENGAGEMENT, IN VIEW OF THE STRENGTHENING OF THE ESTABLISHED CO-OPERATION WITHIN THE REGION OF INDUSTRIALIZED COUNTRIES, AS WELL AS AN EXTENSION OF THE FORMS OF CO-OPERATION WITH OTHER STATES WHICH CAN BE EXPECTED

TO PROCURE AN AUGMENTING INFLUENCE ON THE SHIPMENTS.

"IT WILL BE OF IMPORTANCE FOR THE FUTURE OF THE NORWEGIAN MARITIME SECTOR THAT IT CAN ACHIEVE A SATISFACTORY SHIPPING POLICY CO-OPERATION WITH THE DEVELOPING COUNTRIES. NORWAY HAS RECONGIZED AND SUSTAINED THE DEVELOPING COUNTRIES' DEMANDS FOR OBTAINING AN INCREASING PART OF THE TRANSPORT OF GOODS COMPRISED IN THEIR FOREIGN TRADE. BOTH THE NORWEGIAN AUTHORITIES AND THE SHIPPING INDUSTRY MANIFEST A POSITIVE ATTITUDE TO THE CONTRIBUTION OF FINANCIAL AND TECHNICAL ASSISTANCE THUS ENABLING THE DEVELOPING COUNTRIES TO ACHIEVE THIS AIM.

"III. THE SEAFARERS' SOCIAL AND ECONOMIC CONDITIONS.

"INCREASING DIFFICULTIES IN THE RECRUITMENT TO THE MARINE ACTIVITIES ARE TO BE EXPECTED. THE CONDITIONS FOR ALTERNATIVE EMPLOYMENT AND EDUCATION WILL BE IMPROVED ALSO IN THE OUTER REACHES OF THE COUNTRY, AND ONE CAN FORESEE A DECREASE IN THE RELATIVE ATTRACTION OF THE MARINE PROFESSIONS. RECUITMENT CAN NOT BE ASSURED AT LONG TERM ONLY BY A CONTINUED INCREASE IN THE SEAFARERS' INCOME LEVEL. A SYSTEM OF ROTATION, INVOLVING A FURTHER REDUCTION OF THE PERIODS AT SEA, AS COMPARED TO THE TIME ASHORE, WILL BE OF IMPORTANCE FOR STIMULATING THE ATTRACTION OF THE MARINE PROFESSIONS IN NORWAY. THE NEW INITIATIVES MUST, HOWEVER, BE CONSIDERED TOGETHER WITH THE AIM OF ESTABLISHING A STABLE SOCIAL SET FOR UNCLASSIFIED

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WORK ON BOARD.

"THE INDUSTRY HAS ACCOMPLIAHED A RAPID RATIONALIZATION AND OBTAINED A STEADY GROWTH OF PRODUCTIVITY. IT CANNOT BE EXPECTED THAT THIS DEVELOPMENT WILL CONTINUE AT THE SAME RATE. THE MARKET POTENTIAL IS UNCERTAIN AND THIS IMPLIES THAT THE ANALYSIS OF THE EMPLOYMENT MUST BE BASED ON A CAREFUL CONSIDERATION OF THE MARITIME SCHOOL SYSTEM'S CAPACITY AND OF THE RECRUITMENT NEEDS FOR FOREIGN SEAFARERS. THE GOVERNMENT HAS DECIDED THAT MARITIME RESEARCH WILL BE STRENGTHENED FURTHER AND THAT MORE ATTENTION BE PAID TO REASEARCH IN CONNECTED ECONOMIC AND SOCIAL FIELDS.

"THE GOVERNMENT WILL ACCOMPLISH MEASURES IMPROVING THE SEAFARERS' GENERAL SITUATION. THERE WILL BE A CONTINUED EFFORT TO AMELIORATE THE WORKING CONDITIONS AT SEA, STIMULATE THE INTEREST FOR THE MARITIME PROFESSIONS AMONG YOUNG PEOPLE OF BOTH SEXES, REDUCE THE TIME AT SEA, PARTICULARLY FOR YOUNG PEOPLE, FACILITATE THRANSFERS TO OTHER PROFESSIONS, EASE THE SEAFARERS'S CONTACT WITH THEIR FAMILY AND ASSURE AN HARMONIZATION OF THE WORKING

RELATIONSHIPS ON THE VESSELS.

"THE GOVERNMENT ENVISAGES THE INTRODUCTION OF EQUAL RIGHTS FOR FOREIGN AND NORWEGIAN SEAFARERS ON BOARD NORWEGIAN VESSELS. THE GOVERNMENT WILL STIMULATE A FAST INTRODUCTION OF A REAL MARITIME INDUSTRIAL DEMOCRACY. THE MARITIME SYSTEM OF EDUCATION SHOULD QUALIFY FOR WORK ASHORE AND BE ACCESSIBLE TO A LARGER EXTENT TO THE MANY FOREIGNERS ON NORWEGIAN VESSELS. THE ESTABLISHMENT OF A SERVICE FOR WORK GUIDANCE AND WORK MEDIATION WILL IMPROVE THE POSSIBILITIES FOR MAKING USE OF THE EDUCATION ALTERNATELY IN SEA- AND LAND-BASED WORK.

"THE SHIPPING INDUSTRY TENDS TO BE CONCENTRATED IN LARGE UNITS OF SHIPPING COMPANIES WITH A WELL ESTABLISHED ORGANIZATIONAL FRAMEWORK AND AN EXTENSIVE INFLUENCE. IT SHOULD BE NOTED IN THIS CONTEXT THAT THE EMPLOYEES ARE HAMPERED BY LIMITED RESOURCES DUE TO THEIR RELATIVELY SMALL NUMBER AND BECAUSE THEY DO NOT ENJOY THE SAME CLOSE UNCLASSIFIED

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CONTACT WITH THEIR UNIONS AS DO WORKERS ASHORE. THE NATIONAL AUTHORITIES WILL INTERVENE IN ORDER TO SECURE A NEW BALANCE OF INTERESTS IN THIS FIELD.

"IV. THE WORKING CONDITIONS OF THE SHIPPING INDUSTRY.

"THE PRESENT TANK- AND BUL CRISIS IN WORLD SHIPPING HAS CAUSED A RAPID INCREASE IN THE NUMBER OF LAID UP NORWEGIAN VESSELS. THE DURATION OF THE PRESENT OVER-CAPACITY WILL DEPEND ON THE FUTURE GROWTH OF WORLD TRADE AND THE DEVELOPMENT OF CRUDE OIL TRANSPORT IN PARTICULAR. DESPITE COMPREHENSIVE CANCELLATIONS, THE INCREASE OF THE WORLD FLEET TONNAGE WILL INDUBITABLY BE CONSIDERABLE IN THE COURSE OF THE FORTHCOMING YEARS. THE PRESENT SITUATION MAKES IT DIFFICULT TO ASCERTAIN WHETHER THE NEED FOR SEA TRANSPORT IN THE FORTHCOMING YEARS CAN INCREASE SUFFICIENTLY, NOT ONLY TO ABSORB THE GROWTH OF THE WORLD FLEET, BUT ALSO TO EMPLOY THE IMPORTANT QUANTITY OF TONNAGE WHICH IS PRESENTLY DISARMED.

"THE INDIVIDUAL SHIPPING COMPANIES MAY ENCOUNTER SUBSTANTIAL PROBLEMS DURING THE COMING MONTHS AND YEARS. TO THE EXTENT THAT THE RECESSION ON THE FREIGHT MARKET ENTAILS A LOSS OF INCOME AT THE NATIONAL LEVEL AND A SERIOUS REDUCTION OF THE VALUE OF INVESTMENTS, THE GOVERNMENT WILL BE PREPARED TO CONTRIBUTE TO SOLUTIONS WHICH ATTEND TO THE INTERESTS OF THE NORWEGIAN COMMUNITY." BYRNE

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## Message Attributes

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**Capture Date:** 30 AUG 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**Disposition Event:**  
**Disposition History:** n/a  
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**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** izenbei0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 20 MAY 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <20 MAY 2004 by barnescd>; APPROVED <28 JAN 2005 by izenbei0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** n/a  
**TAGS:** EWWT, NO  
**To:** STATE  
INFO LONDON  
MULTIPLE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006